

Minutes of the 29th (twenty-ninth) meeting of the Approval Committee for sector specific IT/ITES – SEZ developed by Tata Consultancy Services Ltd., (TCS) on 27-04-2018, at 11:00 hours under the Chairmanship of Shri Upendra Vasishth Development Commissioner, Kandla Special Economic Zone, in the conference room of Zonal DC's Office, Kandla – SEZ, Ahmedabad.

List of participants is annexed as Annexure-I

Approved minutes of the previous meeting were confirmed by the Approval Committee.

A) Other Case for TCS - IT/ITES -SEZ:-

29-A-01) Issuance of clarifications in respect of procurement of certain goods and services as required for carrying out authorized operations in SEZ.

Shri Vinod Mandlik, Sr. General Manager and Col. (Retd.) T. Srinivasan M. Vishwanathan TCS Ltd., (unit/developer) appeared before the Approval Committee and made a detailed submission (both oral & written) on the subject, they provided explanations and reasoning, and that Exports should be without any Duties and Taxes as per the mandate of the Government, i.e. the provisions of zero rated supply to unit/developer framed under Section 16 of IGST Act. Reference of MoCs letter No. D.12/19/2013-SEZ dated 02.01.2018 also quoted under which BOA declared 66 services as default list of services required for authorised operations to simplify the procedure. The cost factor was also discussed. Due to such type of duty/taxes burden, the unit has lost competitiveness. There should be no export of duties and taxes, and with reference to their letter dated 14-02-2018 they are seeking exemptions for the following three goods and services:-

- (i) Food ordered from Restaurant, Tea & Coffee material, rent and maintenance of Snacks Vending Machine as well as Tea and Coffee Vending Machine for business meeting/meeting with client.
- (ii) Medicines ordered for first aid of employees working in SEZ.
- (iii) Goods and Services used in sports and gym area situated in SEZ, provided with view to increase efficiency of working in SEZ.

After brief discussion, it is requested by the unit to grant exemption to them for procurement of goods and services, by considering following points;

- (i) wherever the cost is borne by SEZ unit for procurement of Goods and Services which have been used in Authorised operation as the same is being consumed while performing the duties by their employees as well as consumed during business meeting and meetings with client and therefore, the same is to be considered as used for authorised operations of the unit and;
- (ii) wherever, the cost is recovered from the employees for consumption of goods or services availed while performing the duties or not performing the duties or supply provided to their family member should not considered as used for authorised operations.

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The Approval Committee after hearing the arguments, explanations, reasoning, and submissions made by the representatives of unit and developer, have come to conclusion that the Central and State Governments provide special dispensations to IT/ITES sector/unit to promote more employment, investments and generations of foreign exchange, and also the fact that for the IT sector the 'Human Capital' is the basic/core requirement for the said industry, decided to allow/permit duty-free goods and services. As per the guidelines issued by Department of Commerce vide letter No. D.12/19/2013-SEZ dated 02.01.2018 under which BOA declared 66 services as default list of services has been prescribed which are required for authorised operations to simplify the procedure as well as keeping in view of the crux of the SEZ Scheme and to enable the SEZ unit to stand in competitive global world market, Unit Approval Committee after discussing the issue, considered the request of unit for the procurement duty free goods and procurement of duty free services, wherever the cost is borne by SEZ unit for procurement of Goods and Services which have been used in Authorised operation as the same is being consumed while performing the duties by their employees as well as consumed during business meeting and meetings with client and therefore, the same is to be considered as used for authorised operations of the unit in three following cases :-

- (i) Food ordered from Restaurant, Tea & Coffee material, rent and maintenance of Snacks Vending Machine as well as Tea and Coffee Vending Machine for business meeting/meeting with client.
- (ii) Medicines ordered for first aid of employees working in SEZ.
- (iii) Goods and Services used in sports and gym area situated in SEZ, provided with view to increase efficiency of working in SEZ.

However, the Approval Committee has directed that the unit in the cases where the cost of consumption of goods and services availed by the employees and recovered from them, in respect of those transactions, the unit shall not be eligible to avail any duty exemptions/tax benefit. The duty-free procurement of goods and services for above Authorized Operations shall be effective for a period of one year from 01-04-2018 till 31-03-2019, subject to normal terms and conditions of SEZ Rules, 2006, and the Specified Officer of the SEZ shall put-up in all required checks and balances to ensure no Revenue leakages take place for which the SEZ unit shall provide all logistics and support. This Approval Committee shall review after one year of the operations/activities with cost analysis of Revenue foregone and Revenue generated.

A) Supplementary Cases for TCS - IT/ITES -SEZ:-



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29-S-01) Request of the Developer - M/s. Tata Consultancy Services Ltd., for approval of list of goods and services for authorized operations in SEZ:-

Colonel Vishwanath, Head Administration of TCS – IT/ITES SEZ, Gandhinagar, representative of the Developer explained the requirement of duty-free goods for authorized operations, vide their letter dated 24-04-2018. It was stated that the list of goods was for following default Authorized Operations as under, which are covered under Instruction No. 50 of the DOC:-

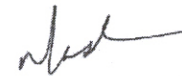
- i) Construction of all type of Buildings in processing area;
- ii) Roads with street lighting, signals and signage.

The Approval Committee after due deliberation and diligence approved the list of goods with letter dated 24-04-2018 for duty-free procurement for Authorized Operations subject to standard terms and conditions of the SEZ Rules, 2006. The Approval Committee reiterated that the Specified Officer of the SEZ should ensure that procurement of duty free goods is strictly meant for Authorized Operations inside the SEZ and to ensure duty-free goods/materials are duly accounted and properly used within the stipulated time of one (01) year as provided in the SEZ Rules, 2006.

29-S-02) Request of the Developer – M/s. Tata Consultancy Services Ltd., TCS- SEZ, Gandhinagar, for allotment of space for setting-up of 'Waghabakari Kiosk'.

Colonel Vishwanath, Head Administration of TCS – IT/ITES SEZ, Gandhinagar appeared before the Committee and explained their proposal for allotment of space admeasuring 100 sq. ft. to M/s. Ideal Beverages & Catering LLP, for setting-up of 'Waghabakari Kiosk' in the SEZ area for their employees.

The Approval Committee after due diligence and deliberation approved the proposal, subject to standard terms and conditions, of the SEZ Rules, 2006, and all concerned parties obtaining mandatory/statutory approvals from all concerned Regulatory Authorities, including health and safety measures.



(Upendra Vasishth)
Chairman of Approval Committee,
& Development Commissioner,
Kandla Special Economic Zone.

ANNEXURE-I

Minutes of the 29th (twenty-ninth) meeting of the Approval Committee for sector specific IT/ITES – SEZ developed by Tata Consultancy Services Ltd., (TCS) on 27-04-2018, at 11:00 hours under the Chairmanship of Shri Upendra Vasishth Development Commissioner, Kandla Special Economic Zone, in the conference room of Zonal DC's Office, Kandla – SEZ, Ahmedabad.

The following members were present:-

01.	Shri Upendra Vasishth, ndc, Development Commissioner, KASEZ.	Chairman
02.	Shri Satyadeep Mahapatra, IRS, Joint Development Commissioner, KASEZ.	Nominee for the Director – SEZ, DOC, MOC&I.
03.	Shri Ajay Zala, Deputy Collector, LR, Gandhinagar.	Nominee of the Collector, Gandhinagar.
04.	Shri Haroon Bilal, Assistant DGFT, Ahmedabad	Nominee of the Jt. DGFT, Ahmedabad.
05.	Smt Sangita P. Shukla, rep. of GM, DIC, Gandhinagar.	Nominee of the GM, DIC, Gandhinagar.
06.	Col. (Retd.) T. Srinivasan M. Vishwanathan	Representative of Developer – TCS – IT/ITES – SEZ, Gandhinagar.